

# THE EVOLUTION OF PROVINCIAL FINANCE IN BRITISH INDIA

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## PART II PROVINCIAL FINANCE : ITS DEVELOPMENT CHAPTER V BUDGET BY ASSIGNED REVENUES 1877-78 to 1881-82

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### Continued...

The scheme of Provincial Budgets, the second stage of which we shall presently study, was launched not without mixed feelings. Boundless hopes were entertained, though not unmingled with a sense of misgiving. Just what was expected of the scheme may be correctly gauged from the remarks of Sir Richard Temple, who, when introducing the scheme in 1870, said :—

"We hope that this concession (of increased control over revenues and expenditure) will give the Local Governments an additional interest in the study and the enforcement of economy in expenditure; will afford them a just inducement to supplement their local receipts from time to time by methods either most acceptable to the people or least fraught with popular objection; will cause a more complete understanding to arise between the executive authorities and the tax-paying classes respecting the development of fiscal resources; will teach the people to take a practical share in the Provincial Finance, and lead them up gradually towards a degree of local self-government; and will thus conduce to administrative as well as financial improvement."

While entertaining these hopes he also took the opportunity of asking the Council to be prepared for disappointment, for he went on to remark:

"the hopes which I am expressing, however sanguinely, or confidently entertained, are after all but hopes, and like all other hopes may or may not be fairly realised. But let all this eventuate as it may, sure I am with certainty free from shade of doubt, that the measure is advantageous to the Imperial Budget of British India. For it will have the direct effect of definitely limiting, for the present, the expenditure from the general Exchequer on certain important branches of civil expenditure, the very branches indeed, where, from the progressive state of the age, the demands for increased outlet have most arisen, and in which from the nature of the case the supreme Central Authority is least able to check the requirements of the local authorities."

The actual results, however, far surpassed these very moderate hopes and were more than necessary to dispel the misgivings that still lingered in the minds of those who looked upon the institution of Provincial Finance as a project of doubtful utility. Confining ourselves to the issues immediately affecting the Government of India or the Provincial Governments, it was abundantly proved that Provincial management was more economical than Imperial management. If we compare the expenditure incurred upon the services while they were an Imperial charge with the expenditure on them after they were provincialised, the superior economy of provincial management is overwhelmingly proved.

Year	Total excess Expenditure on all Transferred Services except Registration over Total Receipts from them inclusive of all Contributions other than those for Bengal Famine under Imperial management		Total excess Expenditure on all Transferred Services except Registration over Total Receipts from them inclusive of all Contributions other than those for Bengal Famine under Provincial management
	£		£
1863-64	5,111,297	1871-72	4,835,238
1864-65	5,606,248	1872-73	4,964,407
1865-66	5,587,779	1873-74	5,329,180
1867-68	5,821,438	1874-75	5,379,509
1868-69	6,030,214	1875-76Est.	5,135,677
1869-70	5,856,310		
1870-71	5,197,250		

Compiled from an official volume of Notes on Imperial, Provincial and Local Finance, 1876.

It was therefore with confirmed belief in its utility and even with a sense of relief that the Government of India proceeded to incorporate into the Provincial Budgets additional services local in character or more amenable to local control. But these additions to the incorporated services made the problem of a supply of funds to Provincial Governments assume greater proportions. In the first period the gap between the receipts of incorporated services and the total charges for them was comparatively smaller than what it was found to be the case on the present occasion. The mode of bridging the gap entirely by assignments was deemed to be ill-fitted for the success of the scheme in its enlarged form. The most radical defect in the system of budget by assignment consisted in its rigidity. The provinces did not favour it as a mode of supply for the reason that while the outlay on the services under their management continued to expand the assignments made to them remained



Jails	89,260	96,910	141,218	133,806	128,773	149,888	195,755	271,915	297,198	326,023
Police	140,166	231,859	277,179	287,529	270,855	203,624	97,735	90,708	80,509	89,895
Education	53,256	66,869	67,207	72,848	60,740	76,789	80,869	101,306	99,537	101,909
Registration	86,997	127,070	153,488	165,048	147,152	155,262	171,735	121,470	172,111	184,461
Printing	3,333	3,282	2,803	3,718	9,244	10,923	14,383	21,174	18,220	18,066
Medical		---			3,273	20,594	30,649	36,370	43,097	26,583
Miscellaneous	4,070	5,666	4,076	4,489	6,116	20,991	31,345	32,396	39,666	36,234

Compiled from the same source referred to above.

This evidence of the expanding receipts of provincialised services were therefore a pleasant surprise which went a great way in confirming the view he had advocated. It was therefore for a double purpose, of augmenting the revenues and of introducing elasticity in Provincial Finance, that Sir John Strachey substituted assigned revenues for assignments as a mode of supply to the provinces.

The plan adopted by Sir John Strachey was not new, neither was it brought forward for the first time. It was present in the minds of the people who took part in the discussions of Provincial Finance in 1870, and was actually advocated by Sir John Strachey as early as 1872. That the Government of India did not look upon the plan with favour in 1870 was due to the fact that it was afraid to permanently alienate the sources of revenue on the growth of which its stability depended. By now, however, the financial position of the Government of India had a bit improved, and the six years' trial of provincial management had also engendered a greater confidence in the scheme in the minds of those who had never completely accepted the administrative utility of the project. To this was added the prospect of the plan being a means of increased productivity in their resources as it had been of increased economy in expenditure. The force of all these factors combined to bring a new stage in the evolution of Provincial Finance which, because of the distinct mode of supply adopted, may be well designated as a stage of Budget by Assigned Revenues.

To be sure, assignments still formed a part of the new system. But that was because of the difficulty of assigning such revenues the yield of which would have been precisely equal to the incorporated expenditure. Under any circumstances there was sure to be some difference. It happened that the normal estimated yield of the ceded revenues fell short of the requirements and the margin of difference had to be made up by some adjusting assignment in the case of each province.

The method of fixing the adjusting assignment for the different Provinces was on the whole a little too complicated, and may therefore be conveniently explained before proceeding to examine the constitution of the Provincial

Budgets of the different Provinces as laid down under the second stage of their growth. It must be borne in mind that the total resources of the Provinces were made up under this system of (1) the receipts accruing from the incorporated services, (2) the yield of the revenues assigned, and (3) the adjusting assignment. How to fix upon an adjusting assignment for a particular Province was a question involving nice calculations. Before arriving at a definite figure for the adjusting assignments it was obviously necessary to have settled the normal yield of the receipts of incorporated services and of the revenues made over. The assessment of the normal yield was a contentious matter. As a rough and ready method the Government of India took the average yield of each over a series of years as the normal yield, and made it the basis from which to calculate the assignments. Similarly on the basis of the annual growth of the revenues in the past years it assumed a certain normal rate of increase for each of the sources, so that the normal for the succeeding years exceeded the normal for the preceding year at the normal rate of annual progression assumed. And as the normal yield of the assigned revenues increased at their assumed normal rate of growth the assignments fixed for the subsequent years diminished in like proportion. This normal rate of growth assumed for the assigned revenues was sometimes an assumption unjustified by their past productivity. At all events, as a higher rate of increase meant lessened assignments, the Provinces questioned its magnitude. To pacify the Provinces and to make due allowances for errors of estimating, the Government of India made a very ingenious concession. It agreed that if the actual results showed deviations from the estimated normal yield, either below or above, they should be equally divided between the provincial and Imperial Governments. If the actual yield was greater than the normal the adjusting assignment from the Imperial Government fixed for the year would be reduced by half the excess, and if it were less than the normal the assignment would be increased by half the deficit.

All this very delicate mechanism was adopted primarily for the advantageous manner in which it enabled the Government of India to adjust the assignments without undue hardship being inflicted on either party. But there was also another advantage which, though unperceived at the time, was none the less effective. The consent secured from the Provinces to bear half the burden of a possible deficit in the normal estimate directly put a premium on economical and judicious administration of the ceded revenues. If the Government of India had agreed to bear the whole of the deficit below the estimated normal, it is doubtful whether the Provinces would have exerted themselves sufficiently to develop their resources to such a degree as to bring their yield to the level of the normal. But the fear that their obligation to bear half the deficit might assume a larger proportion, which would undoubtedly be

the case if there was a great falling off in the revenue, compelled them to bestow greater vigilance than they would otherwise have done. Whilst an effectual check on relaxation was thus provided the scheme was not wanting in a stimulus to exertion. The prospect of gaining half the excess over the normal gave a more direct stimulus to the Provinces to develop their resources beyond the normal than would have been the case if the total excess had been entirely appropriated by the Imperial Government. In short, the deterrent effect of a deficit to bear and the stimulating effect of a gain to reap made the mechanism of Provincial Finance as perfect as it could be made from the standpoint of economy in expenditure and productiveness in resources.

Having noted the factors that led to the conception and execution of this new step in Provincial Finance and the features which marked its novelty, we may now proceed to the study of the constitution of Provincial Budgets and the revenue and charges that were incorporated into them. Unfortunately it is impossible to present a conspectus of Provincial Budgets as a whole, for the charges were not uniformly incorporated in all the Provincial Budgets. Each Province was treated individually. This compels us to enter upon the analysis of the Provincial Budgets as they were reconstituted in 1877-8 separately for each of the different provinces.

### **North-Western Provinces and Oudh**

The budget of the Province was recast rather than enlarged by additions to the already allocated items, as was the case with regard to some other Provinces. In its new form the budget of the Province incorporated the following heads of expenditure and revenue:—

Heads of Charges	Heads of Revenue
3. Refunds of all Assigned Revenues.	I. Land Revenue—collections from the Terai
4. Land Revenue (excepting settlements, allowances to district and village officers, and Bahbar estates and and special temporary compensations to covenanted civil servants in N.W.P.)	the Dudi estate in Mirzapore and from stone quarries.
6. Excise 10. Stamps.	IV Excise. IX Stamps.
14. Administration (excepting Account and and Currency Officers).	XIII Law and justice.
16. Law and Justice (excepting special temporary allowances to covenanted civil servants in N.W.P.)	
17. Police. 19. Education	XIV Police. XVI Education
21. Medical (excepting the pay of Medical Officers in charge of civil stations).	
22. Stationery and Printing.	
28. Miscellaneous (excepting remittance of	XX Miscellaneous (excepting "Gain by

treasure and any unenumerated item exceeding Rs. 10,000).	Exchange," "Premium on Bills," unclaimed Bills and unenumerated items exceeding Rs. 10,000 each). Public Works Receipt such as appertained to the Public Works charges incorporated into the Provincial Budget
Public Works Ordinary: Roads and miscellaneous public improvements, civil buildings (except opium, post office and telegraph buildings) and tools and plants; also whole of the Public Works establishment of the P.W.D. excepting that in the Military works and irrigation branches; the imperial government paying towards their cost 20 per cent on the outlay from the imperial funds and works and repairs executed by the establishment.	

In assigning the heads of revenue the Government of India added the proviso that "the Governments of North-Western Provinces and Oudh must surrender to the Imperial treasury half of any sum by which the net revenue from Excise, Stamps, and Law and Justice (omitting Jails and Registration), deducting Refunds under these heads and the charges under 6, Excise and 10, Stamps, exceeded Rs. 83,75,000 "

and agreed to reimburse the province with a sum equal to half the deficit if the yield fell below the above sum. This adjustment was effected by operating upon the balances of the Province so that if the expenditure of the North-Western Provinces and Oudh upon the incorporated services exceeded the enumerated revenues plus any Provincial contribution in support of them by less than Rs. 83,75,000, the difference was to be added to; and if such excess expenditure was more than Rs. 83,75,000 the difference was to be deducted from the balances of the Government of the North-western Provinces and Oudh in the Imperial treasury.

#### Bengal

Items of Expenditure incorporated in the Bengal Budget	Grant as existing in 1877-8	Retrenchment	Proposed Consolidated Grant
3. Refunds of Revenue from Excise, Stamps, Law and Justice, and of Deposits.	4,91,000		4,91,000
4. Land Revenue (Collectors, Deputy Commissioners, etc. Establishments and charges on account of Land Revenue Collections).	22,62,000		22,62,000
6. Excise on spirits and drugs	2,92,000		2,92,000
8. Customs	6,93,000		6,93,000
9. Salt	39,000		39,000
11. Stamps	2,38,000		2,38,000
15. Administration (excepting Account	12,61,000		12,61,000

Office, Allowances to Presidency Banks, Stationery Office at Presidency and stationery purchased in the country).			
16. Minor Departments (excepting meteorological and archaeological departments, census and gazeteers).	1,68,000		1,68,000
17. Law and Justice (excepting Law Officers).	63,97,000	1,00,000	62,97,000
18. Marine	10,92,000		10,92,000
23. Political (Govt. House Police Guard).	7,000		7,000
26. Miscellaneous (excepting remittance of treasure).	25,000		25,000
Stationery and Stamps	4,98,000	50,000	4,48,000
27. Provincial allotment as now existing	1,10,59,000	4,40,000	1,06,19,000
Maintenance of Bishop's Palace, etc.	7,000		7,000
Total	2,45,29,000	5,90,000	2,39,39,000

The budget of the Province of Bengal was enlarged rather than recast by additions to the already incorporated heads of revenue and expenditure. For the second stage of the scheme the Government of Bengal was made responsible for the charges shown in the above table.

To meet these charges the following revenues were handed over to Bengal for its use :—

**ASSIGNED REVENUES (ooo omitted)**

Heads of Revenue	Esti-	Estimated Yield at the assumed				
	mated	Rate of Growth				
	Yield					
	in 1876-7	1877-78	1878-79	1879-80	1880-81	1881-82
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
IV Exercise in spirits and drugs	6,300	6,400	6,500	6,600	6,700	6,800
VI Customs (see, Customs Misc. and Warehouses and Wharf rents).	3,600	3,600	3,600	3,600	3,600	3,600
VII Salt (Rents of Ware houses, fines and forfeitures and misc.).	220	220	220	220	220	220
IX Stamps }	10,300	10,575	10,850	11,125	11,400	11,675
XIII Law and Justice }						
XIV Marine (pilotage receipts, registration and other fees and misc.).	1,091	1,084	1,084	1,084	1,084	1,084



XVI Misc. (all except premium on bills, unclaimed bills, and any unenumerated item exceeding Rs. 10,000).	771	792	792	792	792	792
Total		22,671	23,076	23,421	23,596	24,171

Complied from statements in the *Gazette of India* referred to above.

But as the revenues assigned were not sufficient for meeting the incorporated charges transferred, after taking account of the excesses over normal to be paid to the Government of India, the Government agreed to make the following assignments from the Imperial treasury to the Government of Bengal :—

Year	Assignments
	Rs.
1877-78	48,32,000
1878-79	44,57,000
1879-80	40,82,000
1880-81	37,07,000
1881-82	33,32,000

#### Central Provinces

In the case of the Central Provinces the following additional items were incorporated in its budget :—

Heads of Charge	Grants as already fixed for 1877-78	Retrenchment	Proposed Net Consolidated Grants
	Rs.	Rs.	Rs.
Refunds of Excise, Stamp, Law and Justice and Miscellaneous.	47,000		47,000
Excise	52,000		52,000
Stamps	14,000		14,000
Land Revenue exclusive of settlement charges	6,66,000		
Administration (exclusive of Account and Currency Office).	3,39,000}		
Minor Departments (exclusive of Meteorology)	4,000}		

and Archaeology).		90,000	17,74,000
Law and Justice	6,91,000}		
Stationery and Stamps	69,000 }.		
Miscellaneous (excepting Remittance of	5,000}		
Treasure and Discount on Supply Bills.			
Add—			
Existing allotment for provincial services	27,73,000		27,73,000
Total Grant for Services to be borne upon the Central Provinces Budget.	46,60,000		45,70,000

To meet these charges the Government of Central Provinces was authorised to appropriate the yield of the following sources of revenue :—

Heads of Revenue Assigned	Estimated Yield in	Estimated Yield at the Assumed Rate of Growth in		
		1876-77	1877-78	1878-79
	Rs.	Rs.	Rs.	Rs.
Excise	13,90,000	14,50,000	15,10,000	15,70,000
Stamps	9,70,000	9,75,000	9,80,000	9,85,000
Law and Justice	1,67,000	1,75,000	1,83,000	1,91,000
Miscellaneous (excepting Premium on Bills, undrawn Bills of Exchange and any unenumerated items exceeding Rs. 10,000 each).	7,000	7,000	7,000	7,000
Total		26,07,000	26,80,000	27,53,000

Compiled from the *Gazette* referred to above.

As these revenues were insufficient the Government of India undertook to supplement them by the following assignments from the Imperial exchequer:—

<i>Year</i>	<i>Assignments</i>
Rs.	
1877-78	- 19,63,000
1878-79	- 18,90,000
1879-80	- 18,17,000

These assignments were, however, subject to change because of the proviso applying to the assigned revenues. By virtue of that proviso the Government of India was to claim half the net increase of their combined annual yield over the estimated normal and was to bear half the deficit if their actual combined yield failed short of the normal. If there was an increase above the normal the assignments were to be reduced by a sum equal to half the increase, and if there was a decrease the assignments were to be increased by a sum equal to half the decrease.

### Bombay

Coming to the Provincial Budget of the Bombay Government we find the following charges were incorporated in it :—

Heads of Charge	Grant as already fixed for 1877-8	Retrenchment	Consolidated Grant
	Rs.	Rs.	Rs.
3. Refunds	1,10,000		
4. Land Revenue	65,07,000 }		
6. Excise	80,000		
7. Customs	8,09,000 }		
8. Salt	5,69,000 }		
14. Administration	11,43,000		
15. Minor Departments	1,13,000 }		
16. Law and Justice	43,12,000 }	5,67,000	2,13,96,000
18. Marine	31,000 }		
20. Ecclesiastical	3,25,000 J		
21. Medical	2,68,000		
22. Stationery and Stamp	2,29,000 }		
24. Allowances and Assignments	64,81,000 }		
26. Superannuation allowances	8,00,000 }.		
28. Miscellaneous	28,000 J		
Add—			
Existing allotment for provincial services.	1,04,54,000		1,04,54,000
Total	3,24,17,000	5,67,000	3,18,50,000

Besides the receipts accruing from the already incorporated services the Government of India assigned to the Government of Bombay the following sources of revenue :—

ASSIGNED REVENUES (ooo omitted)

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Heads of revenue assigned	Estimated	Estimated Yield at the Assumed Rate of Growth in				
	yield in					
	1876-77	1877-78	1978-79	1979-80	1880-18	1881-82
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1 Land Revenue (receipts of Inamdari adjustments and service commutations)	5,199	6,624	6,624	6,624	6,624	6,624
IV. Excise	3,946	4,000	4,100	4,200	4,300	4,400
Stamps	4,186	4,300	4,350	4,500	4,550	4,600
Law and Justice	277	270	270	270	270	270
Total		8,570	8,720	8,970	9,120	9,270
Miscellaneous (excepting gain by exchange, premium on Bills, and on Money Orders, lapsed Money Orders, Sales, Proceeds of Durbar Presents and unenumerated items—exceeding Rs. 10,000 each).	52	70	70	70	70	70
Total		15,264	15,414	15,664	15,814	15,964

Compiled from the *Gazette of India*.

The adjusting assignments to cover the difference between the expenditure and revenue incorporated in the Bombay Budget were as follows :—

Year	Assignments
	Rs.
1877-78	- 1,53,20,000
1878-79	- 1,51,70,000
1879-80	- 1,49,20,000
1880-81	- 1,47,70,000
1881-82	- 1,46,20,000

These assignments, it must be noted, were subject to the same proviso as obtained in the case of the Central Provinces.

### Punjab

The only remaining Provincial Budget that was framed on the principle of assigned revenues was that of the Punjab.

The heads of charge incorporated in this budget were as hereinafter specified—

Heads of Incorporated Expenditure	Grant as Settled for 1877-8	Retrenchment	Proposed Net Consolidated Grant
	Rs.	Rs.	Rs.
Refunds	65,000		
Land Revenue, excluding settlement charges	16,21,000 }		
Excise	58,000}		
Stamps Administration (excluding Account and)	72,000}		
Currency Offices and settlement Secretary	9,74,000}		
Minor Departments	16,00,000}	2,24,000	51,38,000
Law and Justice	20,94,000}		
Superannuation and Retired Allowances,	3,38,000]		
Compassionate Allowances and Gratuities.	}		
Miscellaneous, excluding Remittances of	41,000J		
Treasure.	}		
Stationery and Stamps Add—	83,000 }		
Existing allotments for provincial services	54,22,000		54,22,000
Total	1,07,84,300	2,24,000	1,05,60,000

To defray these charges it was proposed to assign the following revenues to the Government of the Punjab :—

Heads of Revenues Assigned	Net Revenue in 1876-7	Estimated Net Yield in		
		1877-78	1878-79	1879-80
	Rs.	Rs.	Rs.	Rs.
Assessed Taxes			12,00,000	12,00,000
Stamps		24,85,000	25,05,000	25,25,000
Law and Justice		4,15,000	4,15,000	4,15,000
Excise		10,30,000	10,50,000	10,70,000
		39,30,000	39,70,000	40,10,000
Miscellaneous ((excluding gain by Exchange, premium on Bills, and unclaimed Bills of Exchange).		60,000	60,000	60,000
Total		39,90,000	52,30,000	52,70,000

In making over these revenues the Government of India had reserved to itself a share of the improvement in the net yield from Stamps, Law and

Justice, and Excise.

The estimated net yield having fallen short of the estimated expenditure the Government of India agreed to make the following assignments to the Government of the Punjab in order to restore balance in its budget :—

Year	Assignment	Less Share of	Net Assignment
		Improvement in Net Revenue from Excise, Stamp, Law and Justice	
	Rs.	Rs.	Rs.
1877-78	65,70,000	107,000	64,63,000
1878-79	53,40,000	85,000	52,55,000
1879-80	53,10,000		53,10,000

It should be noted that the Government of Madras refused to undertake the responsibility of a provincial Budget based upon the new principle of assigned revenues. It preferred to remain on the old basis. Provincial Budgets of Assam and Burma are not included in this chapter. As the principle involved in their constitution appertains to the study undertaken in the following chapter it is deemed expedient not to include them in the present.

Before closing the study of the second stage in the development of Provincial Budgets it is advisable to take stock of the results achieved during its prevalence from the standpoint of sufficiency to the Provincial Governments and gain to the Imperial exchequer. The following is illustrative of the results of this stage from the standpoint of sufficiency to the provinces:—

Provinces	Annual Surpluses or deficits				
	1877-78	1878-79	1879-80	1880-81	1881-82
	£	£	£	£	£
C.P.	5,992	7,049	—28,133	2,956	95,221
Bengal	173,380	158,932	82,523	—11,313	255,189
N.W.P.and Oudh	4,469	237,100	320,729	280,790	667,613
Punjab	18,578	48,195	7,017	59,497	135,979
Bombay	—609,672	61,249	—11,201	37,855	418,783

Compiled from the Finance and Revenue Accounts of the Government of India.

From this it is clear that except in Bombay the funds provided by the Imperial Government proved not only sufficient for the purpose of carrying on the services incorporated in the Provincial Budgets, but were such as to

afford a safe margin of revenue over expenditure. That the provinces had enough and to spare is clearly proved by the assistance which they gave without much detriment to their finances to the Imperial Government in the years 1879-80 and 1880-1. In the year 1879 the financial position of the Imperial Government had become rather critical. The fall in the value of the rupee and the commencement of hostilities with the Afghans were expected to bring about a deficit estimated in 1879-80 at £1,395,000. As the first line of defence the Government of India urged on the several Local Governments and Administrations the necessity of reducing the ordinary expenditure of the country within the narrowest possible limits and directed that measures for suspending or postponing all optional expenditure, whether Imperial, Provincial, or Local, should be adopted forthwith and that no proposals for increase of salaries or establishments should be entertained without real necessity. As a second line of defence the Government of India ordered that until further—

"arrangements could be settled with the Local Governments... no new work estimated to cost more than Rs. 2,500 shall be commenced at the cost of the Imperial or Provincial Funds, even though it may already have received the sanction of the Government"

and decided to make large reductions in the expenditure on productive public works. When it was discovered that these restraints on expenditure were not enough to bring about an equilibrium in the Imperial Budget the Government of India adopted a plan of levying benevolences on the provincial balances as a better alternative to increased taxation. It was, of course, an abrogation of one of the most fundamental conditions of Provincial Finance that the Provincial Balances, though in possession of the Imperial Government, were a sacred trust to be released only when required by the provinces. But the solvency of India was deemed to be more sacred than the sanctity of the terms of Provincial Finance. Accordingly the following sums were appropriated by the Imperial Government from the balances of the provincial Governments:—

Province	Contributions to the Imperial Government		
	1879-80	1880-81	Total in Lakhs.
	Rs.	Rs.	Rs.
N.W.P.	10	10	20
N.W.P. .	7 ½	7 ½	15
Bombay	4	4	8
Punjab	3	3	6
Burma	3	3	6
Central Provinces	2 1/2	2 1/2	5

Madras	2	2	4
Assam	1 1/2	1 1/2	3
Total	33 1/2	33 1/2	67

These contributions were repaid in 1882-3; but for the time being they were in effect a gain or at least a relief to the Imperial treasury. The real gain to the Imperial treasury consisted in the retrenchments made in assigning allotments for services transferred to provincial management. The amount of retrenchment secured in the case of each of the provinces may be summarised as follows :—

Province	Rs.	Retrenchment
N.W. Provinces	3,54,000	5 percent of the total allotment.
Oudh	73,000	"
Bengal	5,90,000	"
Central Provinces	90,000	"
Bombay	73,000	"
Punjab	2,41,000	"

This does not exhaust the total gain reaped by the Imperial Government. Two other ways of gain must also be mentioned along with this. It should be borne in mind that by taking the standard yield of the assigned revenues at a level higher than what was justified by their history, the Government of India was able to assign reduced sums for the provincial services than what it would have been required to do if the standard yield had been fixed at a lower level. This reduction in assignments owing to abnormal estimates of the ceded revenues was a direct gain. The excesses above the standard also opened additional possibilities of gain owing to the clause governing the cessation of revenues, although it must be recognised that under the same clause the Government of India stood to lose in the eventuality of the actual revenue falling below the standard. How much it gained from these conditional channels of gain it is difficult to say. On the whole, it cannot be denied that the gain to the Imperial treasury was substantial.

Thus the results show that the scheme of Provincial Finance on the basis of assigned revenues was a success both from the standpoint of the Provincial and Imperial Governments, so that they agreed mutually to make a further move in the development of the scheme which constitutes its third stage.

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